

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 23, 2001 at 8:00 A.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Alvin Ellis Jr., Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Mack Cole (R)
Sen. Pete Ekegren (R)
Sen. Jon Ellingson (D)
Sen. Bill Glaser (R)
Sen. Dan Harrington (D)
Sen. Emily Stonington (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Deb Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 505, SB 119
Executive Action: SB 374, SB 173, SB 498, SB 155 SB
213, SB 439

HEARING ON SB 505

Sponsor: SEN. MIKE TAYLOR, SD 37, Proctor

Proponents: Jim Mockler, MT Coal Council

Opponents: None

Opening Statement by Sponsor:

SEN. MIKE TAYLOR, SD 37, Proctor, said this was a tax holiday bill for new power generation. He said this bill provided tax exemption for companies that were non-commercial. He discussed the new tax holiday within Sections one and two. He explained how a company would take this tax holiday and they must be offered in contract 33 percent of production to Montana companies, businesses and homeowners. He said this would give them an exemption for 10 years. He discussed the impact fee in Section three regarding local communities. **EXHIBIT (tas66a01)** He said a new generating plant might create 150 new jobs and the average salary is \$40,000. He said if the company uses this bill it would create 300 more jobs, natural resources were being used and in 10 years they could start collecting taxes again.

Proponents' Testimony:

Jim Mockler, MT Coal Council, liked the idea of being able to have this on a contract for five years because it was very difficult to have this on a yearly basis as energy companies need so much revenue coming in to meet their demands.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. JON ELLINGSON said he would like to know what the yearly tax exemptions were for these generating facilities. **SEN. TAYLOR** explained if a company would take a 10-year tax holiday and sell energy at a low cost they would have to offer 33 percent of that energy to the State of Montana.

SEN. ELLINGSON said suppose they are talking about a generating facility, which might cost \$250 Million, and he asked during this tax holiday how much would they lose in real property taxes. **SEN. TAYLOR** answered it would depend on the mill levies, but around \$7.5 million a year.

SEN. ELLINGSON asked if he had any feedback from potential constructors of generating facilities to know if this was going to be an attractive incentive. **SEN. TAYLOR** said he looked at the tax incentives and what other states were doing to attract generation and how Montana could compete with other states.

SEN. MACK COLE said they have some other bills with similar issues and perhaps they could come to a common agreement on the best method between all three bills. **SEN. TAYLOR** said yes, he

wants to find the best vehicle to help this state. **Mr. Mockler** said the important thing in all of these bills was property taxes to include gross proceeds.

SEN. ALVIN ELLIS assumed the percentage offered for sale in Montana was a rate regulated by the Public Service Commission. He said they would consider the cost of all the power and figure out a kilowatt price and divide it by the share being sold in Montana. However, in some instances, regulated power was being subsidized and he would like to have this cleared up. **SEN. TAYLOR** said the intent was to arrive at the actual cost of the kilowatt.

SEN. ELLIS said PP&L had an average cost for all of their generation in Montana, but they have power they could sell at night. He asked if the Public Service Commission was supposed to take this into consideration when they were figuring the cost of the kilowatt or was it the total cost of the structure divided by the generation capacity. **SEN. TAYLOR** said for this tax holiday it would have to be clarified with an amendment. He felt it would have to be divided by the total cost of production by the kilowatt output to come up with the cost per kilowatt.

SEN. BILL GLASER noted there were several problems with this bill. He wondered if the 33 percent could be offered when there was a demand for all of the power. **SEN. TAYLOR** said he assumed they had to offer power at anytime. He felt it had to be available at all times and didn't think this was a problem.

SEN. GLASER said if the intent was to get power on line as quickly as possible this effective date would slow that down. **SEN. TAYLOR** said there was already one plant that was exempt and this was for any new generation on top of that. He added it could be changed, but he preferred it to begin January 1, 2002.

SEN. GLASER said if someone announced today they were going to put in some new units and they had them operating before the price went up in July, this would discourage people from building those facilities and waiting until this bill was effective. **SEN. TAYLOR** answered that was correct and added the tax holiday would assist this.

SEN. EMILY STONINGTON asked how do they deal with a private non-regulated business that doesn't want to open their accounting books to the public to get these tax breaks. **SEN. TAYLOR** said this would be a good incentive for them.

SEN. STONINGTON asked if the numbers on these incentives were research and how much of an impact would it have on local

governments. **SEN. TAYLOR** said it depended upon the mill levies. He didn't have his worksheet to give the exact breakdown, but these were averages they had come up with. He mentioned on a \$300 million plant it would be around \$9 million.

SEN. ELLINGSON asked if there were credits for conservation. **SEN. TAYLOR** answered the credits were under Section four and five of the bill.

SEN. ELLINGSON read page one and wondered if the credit for generation was to start at the time of construction for transmission and distribution. **SEN. TAYLOR** said if construction had started, funds would already be committed and the tax credit could start right away.

SEN. ELLINGSON asked about the 5-year tax holiday and do they need more transmission facilities in the state. **SEN. TAYLOR** said yes, because they were short of transmission facilities and if they had these transmission facilities they could connect to the eastern grid or Canada right away.

SEN. ELLINGSON asked if an amendment could clarify reference to solar or wind power and in existing statutes there was the use of small hydro facilities. **SEN. TAYLOR** said they would have to have a fiscal note to see where the numbers were.

{Tape 1; Side B}

SEN. BOHLINGER said this proposal would bring 250 new high paying jobs to Montana and this was a \$10 Million economic impact on the community where these people will be living. **SEN. TAYLOR** said if they took the income tax would be collected on these 250 jobs it would be around \$3.5 to \$4 Million per year in state income taxes.

Closing by Sponsor:

SEN. TAYLOR said this bill would make them competitive with surrounding states and would offer companies the incentive to build their own private generation such as windmills. He added they must create low cost energy within Montana to be able to create jobs.

HEARING ON SENATE BILL 119

Sponsor: **SEN. DALE BERRY, SD 30, Hamilton**

Proponents: **Kristin Page Nei, American Cancer Society,
Dan Sornen, Superintendent of Schools, Kalispell,**

Erik Burke, MEA-MFT
Jerry Loendorf, Montana Medical Assoc.
Bob Vogel, MSBA,
Beta Lovett, Self,
Steve Yeakel, American Heart Assoc.
Elizabeth Andrews, MT Campaign for Tobacco Free
Kids
Bill Johnston, MT University System
Jani McCall, Deaconess Billings Clinic
Michael Huntley, Lewis and Clark Co. Health
Department,
Kristine Amundson, Montana Chapter of National
Association of Social Workers,

Opponents: Jerome Anderson, R. J. Reynolds Tobacco Company
Steve Wade, Phillip Morris
Brenda Brewer, Main News, Helena
Rona Christman, MT Petroleum Marketers Assoc.

Informational Testimony: Hal Manan, American Legion of Montana

Opening Statement by Sponsor:

SEN. DALE BERRY, SD 30, Hamilton, passed out some amendments to SB 119 **EXHIBIT(tas66a02)**. He said he served on the Tobacco Advisory Council for the past two years and had researched for some solutions to tobacco prevention in Montana. He said one of the discussions was increasing the prices and several options for a tax increase. He stated this bill would be a referendum and there will be a special election in June 2001, with an effective date in July 2001. Governor Racicot had a price of 56 cents, however they settled on 40 cents and there was discussion about raising the price on cigarettes, as a small change in price would have some effect, but very little on teens.

The intent was to get rid of all of the percentages. He said they did attempted it with snuff and now it was 33 cents an ounce, which was about a 40-cent tax per. He gave a background of the percentages and taxes involved. He clarified the intent of the amendments for 80 percent to go to education and 20 percent to healthcare. If this referendum were to pass there would be a companion bill to explain where those funds will go. He mentioned there would be loss factors involved with the legislation.

Lee Heiman, Legislative Services Division, explained the amendments. He said amendments one through four conform the

title to the rest of the amendments with number five decreasing the taxes from 56 to 40 cents.

Proponents' Testimony:

Kristin Page Nei, American Cancer Society, handed in testimony **EXHIBIT (tas66a03)**.

Dan Sornen , Superintendent of Schools, Kalispell, said this was a reasonable source of revenue for K-12 education and for the state.

Erik Burke, MEA-MFT, said they were finding no assistance to provide public services, that were vital to the growth and future of the state. He said by recruiting teachers, paying social workers to help needy families, providing health care individuals, and correction officers they were at stake in Montana. He said this tax makes sense, not only in providing revenue flexibility, but also the health benefits included. He said they prefer that the tax rates to remain at 56 cents, that it does not go to a referendum and the Legislature and Governor would have the ability to provide the revenue to the state.

Jerry Loendorf, Montana Medical Assoc., said this was an easy decision to support this bill as there were many serious diseases associated with tobacco use adding costs to the state. He said the taxes that are being proposed were at a fair rate compared to other states.

{Tape 2; Side A}

Bob Vogel, MSBA, said school districts spend a lot of time educating students on choosing healthy lifestyles which included the health impacts of tobacco use. He felt the bill sends the right message to students who were at an impressionable age. He supported the amendments also.

Beta Lovett, Self, supports legislation that would add pressure on teenagers, making it more costly for them and hopefully prevent some of them from smoking. She said she was also representing the Gifted and Talented Association and if this would put more money toward education she was definitely for this legislation.

Steve Yeakel, American Heart Assoc., said research shows as the cost of cigarettes rise, young people stop smoking. He said one question was will Montanans be supportive in an increase in the tobacco tax. He felt the question was worth asking. He said there could be a lot of opponents to a special election in June

and the amount of economic development that would be lost by having a special election.

Elizabeth Andrews, MT Campaign for Tobacco Free Kids, said they want to see the consumption of tobacco products reduced in the state of Montana. She said more than half of all smokers begin before the age of 14 and the average first time use is 13 to 14 years of age. In Montana more than 3000 kids by the age of 18 become new daily smokers each year. She said a 10 percent increase in the full price of a packet of cigarettes will decrease consumption by seven percent. She stated there was evidence the voters of Montana supported this with 58 percent of the voters supporting a tobacco tax increase.

Bill Johnston, MT University System, said this money would help offset tuition hikes for university students in the state of Montana.

Jani McCall, Deaconess Billings Clinic, said for every 10 percent increase in the cost of tobacco there was a five-percent decrease in adult smoking and a seven-percent decrease in youth smoking. She also supported tobacco prevention programs.

Michael Huntley, Lewis and Clark Co. Health Department, said he was the tobacco prevention specialist for the area and it was his job to try and prevent young people from initiating the use of tobacco. He has learned about tobacco use and felt it was an incredibly complex multi generational problem. He said it has addictive, learned behavior and sociological components.

Kristine Amundson, Montana Chapter of National Association of Social Workers, felt they needed to provide a bright future for people through education rather than a future plagued by health problems, cancer and death. She felt this would impact the people who use these products plus everyone around them.

Opponents' Testimony:

Jerome Anderson, R. J. Reynolds Tobacco Company, turned in testimony in opposition to SB 119 **EXHIBIT(tas66a04)**.

Steve Wade, Phillip Morris, said the tax increase was proposed to single out a certain section that only involves a small group, 20 percent approximately, while asking them to fund education. He felt education was the responsibility of all citizens in this State. If this bill was passed they were placing a burden on a select group of individuals who choose to use a legal product.

Brenda Brewer, Main News, Helena, said the internet was becoming a popular place to buy tobacco products. She referred to one of the auction sites **EXHIBIT (tas66a05)**.

Rona Christman, MT Petroleum Marketers Assoc., said today there was approximately 125 distributors and 98 percent of them own and operate retail distributions. She said they also have a membership that was strictly retailers. She said the other change seen in their industry was the growth of tobacco sales in convenience stores. She stated this bill has to do with the economic survival of their small operators. She said this tax increase would have a negative impact on sales not only in tobacco, but with all products bought in conjunction with cigarettes.

Informational Testimony:

Hal Manson, American Legion of Montana, explained two veteran nursing homes in Montana both supported by tobacco tax. He said their concern was by the redistribution of the tax these two veteran homes would lose the money they have for their needs. He said at the present time they are trying to fund a new wing to be built this year at Columbia Falls and this would be done with tobacco tax money. He said if this bill should pass they request that they do not lose any money that used to support these two nursing homes.

{Tape 2; Side B}

Questions from Committee Members and Responses:

SEN. DAN HARRINGTON addressed concerns and asked what they have as far as education was concerned. **SEN. BERRY** said the Governor admitted she would veto anything involving raising taxes. He said if the Legislature voted on this it would do nothing for education as it would probably fail. He said the tobacco companies will lobby hard to oppose this referendum and try and change the polls to show this has support 2 to 1.

SEN. JON ELLINGSON said if they have a referendum election so quickly it doesn't give the proponents much time to organize. He said the opponents were well organized and they can pour billions of dollars into campaigning against this. **SEN. BERRY** felt this to be true, he said the last time they had a referendum it was killed by the opponents even though there was support for it in the beginning. He added there were people out there that really want especially the prevention council.

SEN. ELLINGSON asked how much will they get specifically for K-12 education. **SEN. BERRY** said they need to fine-tune the fiscal note. He said in the first year it could be close to \$10 Million and higher in succeeding years.

SEN. ELLINGSON asked what would prevent a Legislature from taking money and using it for something else. **SEN. BERRY** said there would be a companion bill if this would pass. He said this would expand the opportunities for education and how they spend it. He said his intention was 80 percent would go to education and 20 percent would go to health care.

SEN. ELLINGSON asked for a response if the money from tobacco tax goes into a trust fund. **SEN. BERRY** said he was not a fan of trusts because he felt they tie up a lot of funds that could be used. He said he would like to find a different option rather than trusts.

SEN. ELLINGSON asked if internet sales were legal. **SEN. BERRY** said he was not sure.

{Tape 2; Side B}

SEN. PETE EKEGREN asked why not tax everyone and not just a select group of people. **SEN. BERRY** said he would like an example of a tax involving everyone.

SEN. EKEGREN wondered why none of this money was going to tobacco illness or prevention in kids. **SEN. BERRY** said in the disbursement of funds, 20 percent was for health care and hopefully it would go to prevention.

SEN. EKEGREN mentioned the price of cigarettes had risen substantially. He asked how much money would it really take to keep kids from smoking and what programs were out there that cost millions of dollars to keep kids from smoking who were probably going to do it anyway. **SEN. BERRY** said companies were mandated to reduce teenage use. He said they heard testimony by raising the price 10 percent, usage drops five percent overall and seven percent in teens.

SEN. EKEGREN said he has a problem with taxing a certain segment of the population and then putting the money into things like long-range building. **SEN. BERRY** simply wanted 80 percent to education and 20 percent for health care, but by statute it has to go into long-range building.

SEN. EKEGREN questioned the fiscal note as it actually increases the second year and he thought there would be a decline in smoking, which was a decline in revenue.

SEN. JOHN BOHLINGER asked what the national average for taxes on a packet of cigarettes is. **SEN. BERRY** said they were 12th and only two states were non-producing tobacco states. He said the average in 42 cents and this raise would rank them about 25th.

SEN. BOHLINGER said they often have lots of discussion in how they compare to other states. He asked what was being proposed to put them on an average with other states. **SEN. BERRY** said he did not know for sure, but it was a sizeable number. He added if they all passed this legislation there would be six referendums to go to the voters.

SEN. BOHLINGER supported this because there was always going to be some objection to any type of tax raise and this was a move in the right direction.

SEN. BILL GLASER wondered about a companion to this bill that was the distribution system for this bill. **SEN. BERRY** said the support from the education community was excellent, not in the standpoint of lowering tobacco use, but in dollar support.

SEN. GLASER felt the Governor would not support this. **SEN. BERRY** said he did not feel they would get that far and override the Governor's veto.

SEN. MACK COLE wondered how were they dealing with making sure sales would not go out of Montana. He said many sales go to other states, Indian Reservations, the Internet, etc. and not to the local stores in Montana. He felt the Department of Revenue would have to put in a large amount of money to take care of the problem. He said he would like to see a better system and a proposal on how they were going to take care of this.

Closing by Sponsor:

SEN. BERRY passed out some statistics on tobacco use **EXHIBIT (tas66a06)**. He said he was told if they raised tobacco prices the settlement would dry up. He mentioned the 1992 tobacco tax increases. He felt everything the legislature passes dealt with a minority of people and he was not trying to single out smokers. He said the majority doesn't have a choice when they have to take care of tobacco users physically when they can't pay their health care costs.

EXECUTIVE ACTION ON SB 374

Motion: SEN. ELLIS moved to reconsider their action on SB 374.

Discussion:

Lee Heiman, Legislative Services, said they amended SB 374 and the amendments were already in the bill.

Vote: Motion carried 7-1 to reconsider with Sen. Harrington voting no.

Discussion:

Lee Heiman discussed the amendments **EXHIBIT**(tas66a07).

SEN. ELLINGSON said this would eliminate vacation homes, but he felt a vacation home was still a residential dwelling. He said they might have to amend it to say primary residence. Lee Heiman said this would allow a primary residence or a home that had been owned for 10 years.

Vote: Motion carried unanimously.

Discussion:

SEN. ELLIS felt they were putting a band-aid on a shrapnel wound and the problem was greater than the solution. He felt they should only deal with individuals that have the problem not everyone.

Motion/Vote: SEN. ELLIS moved to TABLE SB 374. Motion carried 6-2 with SEN. DEPRATU and SEN. GLASER voting no.

EXECUTIVE ACTION ON SB 173

Motion/Vote: SEN. EKEGREN moved SB 173 be TABLED. Motion carried unanimously

EXECUTIVE ACTION ON SENATE BILL 498

Motion: SEN. BOHLINGER moved SB 498 DO PASS.

Discussion:

SEN. BOHLINGER said the tourist industry in Montana generates \$1.64 Billion. He said tourists come to this state expecting

police protection, fire protection, to be able to drive on safe roads, etc. However, they share nothing in the cost of these things. He said this tax proposal would be a way to ask these people to share in these costs. He said it would also provide a mechanism to have more money for higher education.

SEN. ELLINGSON said he was favor of this because it addressed a need.

SEN. ELLIS did not think this was such a good idea because he felt it wouldn't work and it would raise a constitutional issue to only be targeting out-of-state people. He added it would also be a nightmare for businesses to administer.

SEN. BOHLINGER said people that they didn't know had to provide some sort of identification before paying for a purchase.

SEN. COLE had no problem with a sale tax, but this was specialized and he would like to see a general sales tax as this could get complicated.

CHAIRMAN DEPRATU saw a problem evolving, for example, when children come to buy something plus adding an audit problem for many businesses.

SEN. GLASER said they have looked at lots of different sales taxes and he opposed this.

SEN. ELLIS thought in the summer months they probably receive 70 percent of their business from tourists and many are under age. He said many businesses do not have repeat clientele and it would be difficult to police and try to keep track of this tax. He said the Department of Revenue would not know who to tax and not to tax.

Motion/Vote: **SEN. ELLIS** moved to TABLE SB 498. Motion carried 6-3 with **SEN. BOHLINGER**, **ELLINGSON** and **SEN. STONINGTON** voting no.

EXECUTIVE ACTION ON SENATE BILL 439

Motion: **SEN. BOHLINGER** moved SB 439 DO PASS.

Discussion:

SEN. BOHLINGER said in the sub-committee they worked on some amendments to make this a better bill. He explained the amendments and some changes recommended by the subcommittee

EXHIBIT(tas66a08) EXHIBIT(tas66a09). He also had a spreadsheet explaining distribution amounts **EXHIBIT(tas66a10)**.

Lee Heiman said the bill was introduced to get rid of the statutory appropriations and provide a series of benefits the legislature would appropriate up to a certain amount and then with an annual increase. He said they took the new revenue at a 9 percent rate, and those that were getting a statutory appropriation would be done on a percentage.

SEN. BOHLINGER said by having it on a percentage the legislature would not have to deal with it on an annual basis. He said the tourist industry was growing at five percent every year and more revenue would be generated and rather than fix it on a dollar amount they would go by a percentage.

Lee Heiman explained the amendments further.

SEN. BOHLINGER discussed the spreadsheet.

{Tape 3; Side A}

SEN. HARRINGTON said in his district \$1.6 Million would be cut from the budget next year and 30 to 40 teachers would lose their jobs and schools would close. He felt the amendments were the heart of the bill.

Motion/Vote: **SEN. BOHLINGER** moved the amendments. Motion carried unanimously.

Motion: **SEN. BOHLINGER** moved SB 439 DO PASS AS AMENDED.

Discussion:

SEN. ELLINGSON asked how much rental cars raised by imposing this tax. He said in the original fiscal note it stated \$2 Million and in the spreadsheet it showed \$10 Million. **SEN. HARRINGTON** said when they had it at 5 percent the rental cars brought in around \$2.8 Million.

SEN. STONINGTON said on the spreadsheet, #2 (EXHIBIT 10) it was almost \$4 Million for rental cars, but was not shown in the chart. **Matthew Cohn, MT Department of Commerce**, said the subcommittee gave a 5 percent administrative reimbursement to the people collecting the tax plus the cost for the Department of Revenue to administer the rental car tax.

SEN. ELLINGSON said by imposing the rental car tax almost \$4 Million was raised, but then some of that was spent on the

administrative costs. **Lee Heiman** said in the fiscal note they did not cover the expenses of the Department of Revenue and it was too generous in their figures.

SEN. STONINGTON said they lived in a very tax sensitive state and they were heading into a recession in the nation and Montana was struggling right now. She said if they wanted to keep their economy afloat and provide those services then they need to look for ways to do that and this was what this tax does.

SEN. BOHLINGER said some were concerned about the appropriateness of a 9 percent tax and he wondered if this would keep tourists from coming.

Substitute Motion/Vote: **SEN. EKEGREN** made a substitute motion to **TABLE SB 439. Motion failed 3-6 on a roll call vote.**

Vote: Motion carried to **DO PASS AS AMENDED** on a roll call vote 7-2.

{Tape 4; Side A}

EXECUTIVE ACTION ON SB 213

Motion: **SEN. GLASER** moved the amendments **EXHIBIT(tas66a11).**

Discussion:

SEN. GLASER said there was a subcommittee that did a lot of work on the bill and there was some amendments proposed. He said they had such significant changes there was nothing left in the original bill and they simply made all of the changes in the amendments. He discussed the amendments.

SEN. STONINGTON said they were enabling more local control. She felt local governments and local voters should have more control over their own destiny. This tax was structured to be designed by the local community on those items that were luxury items and those luxury items were more than likely not items people on fixed incomes were going to be purchasing.

SEN. ELLIS said he supported the amendment.

Vote: Motion on the amendments passed unanimously 9-0.

Motion: **SEN. GLASER** moved **SB 213 DO PASS AS AMENDED.**

Discussion:

SEN. GLASER said there would be some opposition to this as they might want a sales tax or no tax at all. He said each community was different and they needed the money. He said the items on this were limited and if a general sales tax was to pass these could still be an option to local governments.

Motion: **SEN. ELLIS** moved amendments **EXHIBIT(tas66a12)**.

Discussion:

SEN. ELLIS explained the amendments.

SEN. STONINGTON asked if "necessities for life" was too vague of a term. **SEN. ELLIS** said yes, he felt items like clothing were a necessity a life.

SEN. STONINGTON said this was a local control issue and the local government would have to have some hearings on what they were going to tax and the appropriate place to make these types of decisions. She said if they leave "necessities of life" in there then they were describing what the legislative intent was and giving local governments the ability to make these decisions themselves.

SEN. ELLIS said he would like a conceptual motion to exclude all clothing except monogrammed clothing, bedding, and furniture that is necessary in a normal household.

SEN. GLASER said he doesn't have a problem with wanting to include specific items because he does not want those items taxed.

Joe Mazurek said the amendment does the opposite of what they intended. He said it eliminated the ban on "necessities of life".

SEN. ELLIS said everyone has a different idea on what the necessities of life mean and he wants to exclude clothing.

SEN. EKEGREN said couldn't they put in some general language and let the local people make their own decisions.

SEN. ELLIS said their stores in Red Lodge cannot compete with the stores in Billings and everyone buys in Billings. He wanted to protect those people from paying taxes and supplementing the most wealthy residents of property taxes in Montana.

SEN. EKEGREN said if they left it up to Red Lodge to decide their taxes it would be better.

SEN. ELLIS was worried about allowing Billings to decide the fate of Red Lodge.

Alec Hansen, MT League of Cities and Towns, said they wanted to make this as fair as possible. He said an amendment that might satisfy this concern was following "tools" insert, "clothing other than souvenirs and home furnishing and any necessities of life".

SEN. ELLIS said perhaps bedding should be in there also.

Alec Hansen said another amendment that had been suggested instead of "ski lift tickets" would be "destination", so that resorts along the road could be taxed. **SEN. STONINGTON** said it was difficult to define what a destination resort is. **SEN. GLASER** said a destination resort was defined in the resort tax law. He said he had no objection to any of these conceptual amendments.

Substitute Motion: **SEN. ELLIS** moved a **CONCEPTUAL AMENDMENT**.

Lee Heiman said clothing other than souvenirs, household bedding and home furnishings were the amendments that they were proposing.

SEN. STONINGTON wondered if destination would be commonly understood. **SEN. GLASER** said it was defined in the resort tax law.

Vote: Motion carried unanimously 9-0 to accept the conceptual amendments.

Motion/Vote: **SEN. GLASER** MOVED SB 213 DO PASS AS AMENDED.
Motion carried 8-1 on a roll call vote.

EXECUTIVE ACTION ON SB 155

Motion/Vote: **SEN. STONINGTON** MOVED TO TABLE SB 155. Motion carried unanimously 9-0.

ADJOURNMENT

Adjournment: 12:02 P.M.

SEN. BOB DEPRATU, Chairman

DEB THOMPSON, Secretary

BD/DT

EXHIBIT (tas66aad)